

CHAPTER 8  
BENEVOLENT ASSOCIATIONS

[Appeared as ch 7, 1973 IDR]  
[Prior to 10/22/86, Insurance Department[510]]

**191—8.1 and 8.2** Reserved.

**191—8.3(512A) Organization.** Before any new benevolent association shall form or operate in this state, it shall first file with the commissioner for examination and approval one copy of its general plan of organization and operation, an original and two copies of its articles of incorporation, an original and one copy of any bylaws, and two copies of its certificate of membership with application blank. All fees for examination and filing in the office of the commissioner and the secretary of state as prescribed by law must accompany the association's submission.

**8.3(1)** The plan of organization and operation must set forth in detail any and all fees, dues and assessments to be made against the membership, the intended size and grouping of the membership, the method of member enrollment and procedure for replacement of deceased or left members, the establishment of any reserves or surplus funds, and the intended name and business address of the association. The plan shall also contain a biographical sketch of all organizers and officers and comply with the laws and regulations governing benevolent associations.

**8.3(2)** If an association is organized or becomes organized under Iowa Code chapter 504A for the purpose of selling or offering for sale stock to the public of this state such offer must be fully disclosed in the plan of organization and if such offer is exempt from registration the specific exemption must be set forth in the plan.

**8.3(3)** Reserved.

**8.3(4)** Except where a public stock offer is made, the plan of operation for associations existing prior to the adoption of this regulation may be contained in its bylaws, however, such plan shall be in accordance with the laws and regulations pertaining to such associations.

**191—8.4(512A) Membership.** Each association shall have one or more groups or units consisting of not more than 1250 members per group or unit who may make voluntary contributions to the association for distribution to the beneficiary of a deceased member or to the members as contributions toward expenses incurred by accident or sickness.

**8.4(1)** If membership in the association is conditioned upon the payment of benefit assessments levied against the members, such loss or cancellation of membership shall take place only if a member, after being notified by mail of such assessment, has failed to remit a contribution within 30 days from the date of mailing of the benefit assessment notice. The association may thereafter serve notice of cancellation of membership which shall provide that if all delinquencies are not paid within 10 days after mailing of such notice, all benefits of membership shall be fully terminated.

**8.4(2)** Rescinded, effective April 20, 1983.

**191—8.5(512A) Fees, dues and assessments.** Benevolent associations may make charges against the membership in the form of benefit assessments, enrollment fees or dues and operational expense fees.

**8.5(1)** An enrollment fee or dues to cover initial expenses may be charged but such fees or dues shall not exceed \$10 per enrollee membership. If two or more enrollees are in one family, the enrollment fee shall not exceed \$8 for each person, provided that the family unit enrolls at the same time.

**8.5(2)** A benefit assessment may be made against the group or unit membership to cover each valid claim presented by a member or the named beneficiary of a deceased member of that unit or group. The benefit portion of the assessment shall not exceed the maximum benefit payable as stated upon the certificate of membership by more than 20 percent of the maximum benefit payable to the claiming member or beneficiary of a member.

**8.5(3)** In addition to the benefit contribution an expense fee may be added as a separate item to each assessment or as a separate periodical assessment, provided the expense portion of any assessment represents actual costs directly related to the collection and payment of the certificate benefit, and further provided that said fee is identified as an expense charge. Reasonable directors' fees and salaries of officers shall be considered as expenses to the association.

**8.5(4)** Any assessment levied against the members of a group or unit, other than any reasonable corporate dividends or undivided profits as declared by the board of directors, shall be considered as trust funds belonging to the members of the group and shall not become the property of the association itself, except for that portion of the assessment or contribution added as a separate item for expenses in the collection and distribution of such fund.

**191—8.6(512A) Reserve fund.** Any moneys remaining after the payment of a benefit by the association, except the expense contribution and any reasonable corporate dividends or undivided profits, shall be maintained as a reserve fund to be used only for the benefit of the members of the specific group or unit from which it was collected. Such reserve funds shall be used periodically as determined by the board of directors to pay benefits to a claiming member or the beneficiary of a member without making an assessment against the membership of the group or unit.

Any association in existence before January 1, 1967, having presently in use an equally equitable plan for the periodic distribution of the reserve funds, can continue to use such plan provided it is fully disclosed in writing to the commissioner and has been approved by the commissioner for use.

**191—8.7(512A) Certificates.** In addition to the requirements of Iowa Code section 512A.7 as they concern the membership certificates, said certificates shall also contain sufficient information to inform a member or a member's beneficiary on the proper procedure in the filing of a claim, including any limitations or exclusions affecting the claim.

**191—8.8(512A) Beneficiaries.** In the application for membership, the applicant may designate a beneficiary or beneficiaries. If no beneficiary is named or the named beneficiary or beneficiaries do not survive the member, the estate shall become the beneficiary.

Each association shall have forms to provide for the change of beneficiary in the event a member wishes to change or add a beneficiary.

**191—8.9(512A) Mergers.** Should the membership of a group or unit fall below 50 percent of its established size as set forth in the plan of operation, such group or unit shall be merged into another existing group in the association and any funds of the depleted membership group shall become the reserve funds of the group into which it is merged.

If the entire membership of an association falls below 60 percent of its established size as described in its plan of operation, such association must make a bona fide attempt to merge with another such association to protect the interests of the remaining members. Any reserve funds of the merging association shall become the reserve funds of the surviving merged association. If merger attempts are unsuccessful, the association must present a plan of reorganization to the commissioner for approval.

**191—8.10(512A) Directors and officers.** Each benevolent association shall have at least three persons on its board of directors at all times and shall have more than one person act as corporate officer.

**191—8.11(512A) Stockholders.** If any benevolent association issues stock, such association shall have its stock owned by more than one stockholder.

**191—8.12(512A) Bookkeeping and accounts.** Each benevolent association shall maintain a set of books and records in accordance with normally accepted accounting procedures. Such books and records shall be used to supply the information requested in the annual statement provided each year by the insurance commissioner.

These rules are intended to implement Iowa Code chapter 512A.

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## CHAPTER 9 REPORTING REQUIREMENTS ON LICENSES

[Prior to 10/22/86, Insurance Department[510]]

Rescinded IAB 10/2/02, effective 11/6/02